

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Financial Report

Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Control
Beauregard Parish Library
Deridder, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Beauregard Parish Library, (the Library) a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Beauregard Parish Library, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 14 to the financial statements, the Beauregard Parish Library adopted the provisions of *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Beauregard Parish Library has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014, on our consideration of the Beauregard Parish Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beauregard Parish Library's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 2, 2014

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Statement of Net Position
December 31, 2013

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and interest-bearing deposits | \$2,528,668 |
| Due from other governments | 1,756,266 |
| Interest receivable | <u>803</u> |
| Total current assets | 4,285,737 |
| Noncurrent assets: | |
| Capital assets, net | <u>1,052,866</u> |
| Total assets | <u>5,338,603</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts and other payables | 30,781 |
| NET POSITION | |
| Net invesment in capital assets | 1,052,866 |
| Unrestricted | <u>4,254,956</u> |
| Total net position | <u>\$5,307,822</u> |

The accompanying notes are an integral part of the basic financial statements.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Statement of Activities
For the Year Ended December 31, 2013

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position Governmental Activities |
|---|--------------------|-------------------------|---------------------------------------|-------------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Culture and recreation | <u>\$1,526,829</u> | <u>\$25,537</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$(1,501,292)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | | 1,763,859 |
| State revenue sharing | | | | | 57,114 |
| Interest and investment earnings | | | | | 6,727 |
| Miscellaneous | | | | | <u>16,108</u> |
| Total general revenues | | | | | <u>1,843,808</u> |
| Change in net position | | | | | 342,516 |
| Net position, as restated - January 1, 2013 | | | | | <u>4,965,306</u> |
| Net position - December 31, 2013 | | | | | <u>\$ 5,307,822</u> |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Balance Sheet - Governmental Fund
December 31, 2013

| | <u>General Fund</u> |
|--|-------------------------|
| ASSETS | |
| Cash and interest-bearing deposits | \$ 2,528,668 |
| Due from other governments | 1,756,266 |
| Interest receivable | <u>803</u> |
| Total assets | <u>\$ 4,285,737</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 17,380 |
| Accrued liabilities | <u>13,401</u> |
| Total liabilities | <u>30,781</u> |
| Deferred inflows of resources: | |
| Unavailable revenue - delinquent ad valorem taxes | <u>31,937</u> |
| Fund balance: | |
| Committed | 100,935 |
| Unassigned | <u>4,122,084</u> |
| Total fund balance | <u>4,223,019</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 4,285,737</u> |

The accompanying notes are an integral part of the basic financial statements.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2013

| | | |
|--|----------------|--------------------|
| Total fund balance for the governmental fund at December 31, 2013 | | \$4,223,019 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 128,500 | |
| Buildings and improvements, net of \$1,168,280 accumulated depreciation | 582,617 | |
| Furniture and equipment, net of \$646,619 accumulated depreciation | 81,791 | |
| Library collection, net of \$932,131 accumulated depreciation | <u>259,958</u> | 1,052,866 |
| Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources at the fund level | | <u>31,937</u> |
| Total net position of governmental activities at December 31, 2013 | | <u>\$5,307,822</u> |

The accompanying notes are an integral part of the basic financial statements.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Fund
For the Year Ended December 31, 2013

| | <u>General Fund</u> |
|--------------------------------------|-------------------------|
| Revenues: | |
| Taxes - ad valorem | \$ 1,731,922 |
| Intergovernmental | 57,114 |
| Miscellaneous | <u>48,372</u> |
| Total revenues | <u>1,837,408</u> |
| Expenditures: | |
| Culture and recreation | 1,173,510 |
| Capital outlay | <u>237,526</u> |
| Total expenditures | <u>1,411,036</u> |
| Excess of revenues over expenditures | 426,372 |
| Fund balance, beginning, as restated | <u>3,796,647</u> |
| Fund balance, ending | <u>\$ 4,223,019</u> |

The accompanying notes are an integral part of the basic financial statements.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2013

| | | |
|---|------------------|-------------------|
| Total net changes in fund balance at December 31, 2013 per the statement of revenues, expenditures and changes in fund balance | | \$ 426,372 |
| The change in net position reported for governmental activities in the statement of activities is different because: | | |
| Capital outlay costs which are considered as expenditures on statement of revenues, expenditures and changes in fund balance | \$ 229,681 | |
| Depreciation expense for the year ended December 31, 2013 | <u>(307,796)</u> | (78,115) |
| Difference between proceeds from the sale of assets on the statement of revenues, expenditures and changes in fund balance and the loss on disposal of assets on the statement of activities | | (37,678) |
| Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources at the fund level. | | <u>31,937</u> |
| Total change in net position at December 31, 2013 per statement of activities | | <u>\$ 342,516</u> |

The accompanying notes are an integral part of the basic financial statements.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Beauregard Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, *Audits of State and Local Governments*, issued by the American Institute of Certified Public Accountants and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The Beauregard Parish Library is a component unit of the Beauregard Parish Police Jury and was created under Louisiana Revised Statute 25:211. The Library operates under a Board of Control. Although the Parish does not provide financing, it does exercise some control over operations by virtue of the fact that it appoints the Board of Control. The purpose of the Library is to provide library facilities to residents within its boundaries.

This report includes the funds, which are controlled by or dependent on the Library executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

C. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Library maintains one fund, which is categorized as a governmental fund. The major fund of the Library is described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. The governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. Their funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Library.

Investments

Under State law, the Library may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Library may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|-------------|
| Building and improvements | 20-40 years |
| Furniture, fixtures and equipment | 3-10 years |
| Library collections | 3-5 years |
| Compensated Absences | |

Each full time employee and part-time employee that works a minimum of 20 hours per week is eligible to earn vacation and sick leave. Employees earn ten to thirty vacation days per year depending upon the number of years of service and number of hours worked. All eligible employees are allowed twelve sick days per

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

year. Vacation leave cannot be accumulated past the employee's anniversary date each year. Sick leave can be accumulated for use; however, employees who resign, retire or are dismissed from employment shall not be paid for any accrued sick leave.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, a government is required to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2013 the Library had deferred inflows of resources totaling \$31,937 which represented unavailable delinquent ad valorem tax revenue. There were no deferred outflows of resources as of December 31, 2013.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

1. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board of Control. The Board of Control is the highest level of decision-making authority for the Beauregard Parish Library.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Board of Control.
5. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the Library has provided otherwise in its commitment or assignment actions.

As of December 31, 2013, fund balance is composed of the following:

| | |
|--------------------|---------------------|
| | General Fund |
| Committed | \$ 100,935 |
| Unassigned | 4,122,084 |
| Total fund balance | <u>\$ 4,223,019</u> |

Committed fund balance represents the unspent amounts of bequests from patrons intended to be used for specific purposes as determined by the Board of Control.

F. Revenues, Expenditures, and Expenses

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

G. Budgetary Practices

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library's Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Board of Control, the Board publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Board on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Bad Debts

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would indicate uncollectibility of the receivable. Although the specific charge - off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2013.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2013, the Library has cash and interest-bearing deposits (book balances) totaling \$2,528,668, as follows:

| | |
|---------------------------|------------------------|
| Interest-bearing accounts | \$1,953,700 |
| Certificate of deposit | <u>574,968</u> |
| Total | <u>\$2,528,668</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2013, are secured as follows:

| | |
|--|------------------------|
| Bank balances | <u>\$2,536,260</u> |
| Federal deposit insurance | 500,000 |
| Pledged securities | <u>2,036,260</u> |
| Total federal deposit insurance and pledged securities | <u>\$2,536,260</u> |

Deposits in the amount of \$2,036,260 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution, its trust department or agent, but not in the Library's name (Category 3 deposits). Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand. The Library does not have a policy for custodial credit risk.

(3) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 2013 consisted of the following:

| | |
|--|---------------------|
| Amount due from the Beauregard Parish Sheriff's Office for property taxes and related interest for the fiscal year ended December 31, 2013 | <u>\$ 1,756,266</u> |
|--|---------------------|

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset balances and activity for the year ended December 31, 2013 is as follows:

| | Balance 01/01/13 | Additions | Deletions | Balance 12/31/2013 |
|---------------------------------------|---------------------|--------------------|------------------|-----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 128,500 | \$ - | \$ - | \$ 128,500 |
| Other capital assets: | | | | |
| Buildings and improvements | 1,676,263 | 74,634 | - | 1,750,897 |
| Furniture and equipment | 706,633 | 21,777 | - | 728,410 |
| Library collection | 1,256,509 | 133,270 | 197,690 | 1,192,089 |
| Total | <u>3,767,905</u> | <u>229,681</u> | <u>197,690</u> | <u>3,799,896</u> |
| Less accumulated depreciation: | | | | |
| Building | 1,081,698 | 86,582 | - | 1,168,280 |
| Furniture and equipment | 571,253 | 75,366 | - | 646,619 |
| Library collection | 946,275 | 145,848 | 159,992 | 932,131 |
| Total | <u>2,599,226</u> | <u>307,796</u> | <u>159,992</u> | <u>2,747,030</u> |
| Net capital assets | <u>\$1,168,679</u> | <u>\$ (78,115)</u> | <u>\$ 37,698</u> | <u>\$1,052,866</u> |

Depreciation expense of \$307,796 was charged to the culture and recreation function.

(5) Accounts and Other Payables

The accounts and other payables consisted of the following at December 31, 2013:

| | |
|--|------------------|
| Accounts | \$ 17,380 |
| Salaries and employee benefits payable | <u>13,401</u> |
| Total | <u>\$ 30,781</u> |

(6) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2013, governmental funds' revenues that have been earned but are unavailable totaled \$31,937 which was comprised of delinquent ad valorem tax revenue.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Beauregard Parish and are collected by the Sheriff. The taxes are remitted to the Beauregard Parish Library net of deductions for Pension Fund Contributions.

For the year ended December 31, 2013, taxes of 7.44 mills were levied on property with net assessed valuations totaling \$237,077,702 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library. Total taxes levied during 2013 were \$1,763,859.

(8) Retirement Commitments

The Beauregard Parish Library participates in the Parochial Employees Retirement System of Louisiana, which is a cost-sharing, multiple-employer defined benefit public employee retirement system.

The system provides retirement, disability and death benefits to plan members and beneficiaries. Benefits under the system are established and amended by Louisiana state statutes. A publicly available financial report that includes financial statements and required supplemental information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898.

For the year ended December 31, 2013, plan members are required to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at the statutory rate of 16.75 percent of the annual covered payroll. The Library's contributions to the system for the years ended December 31, 2013, 2012, and 2011 were \$81,695, \$73,469, and \$85,269, respectively, equal to the required contribution for each year.

(9) Board of Control

Non-commissioned members of the Beauregard Parish Library Board of Control at December 31, 2013 are as follows:

| | |
|-------------------------|------------------|
| Delores Crabtree Franks | Willie M. Malone |
| Merle Stout | Janit Pitre |
| Elizabeth Brasseaux | Patricia Andrews |
| Jo Blankenship | Llewellyn Smith |

Board members serve with no compensation.

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

(10) Risk Management

The Library is exposed to risks of loss in areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(11) Litigation

There was no litigation pending against the Beauregard Parish Library at December 31, 2013.

(12) Subsequent Event Review

The Beauregard Parish Library's management has evaluated subsequent events through September 2, 2014, the date which the financial statements were available to be issued.

(13) Prior Period Adjustment/Correction of Error

The Library has determined that certain transactions were recorded incorrectly in a prior year. Certain errors resulting in an overstatement of previously reported payroll related liabilities, a net understatement of state revenue sharing revenue, and an overstatement of cash resulting from an error on the bank reconciliation were discovered during the current year. Accordingly, adjustments totaling \$46,226 were made at December 31, 2013 to correct these errors and increase previously reported fund equity as shown below:

Major governmental funds:

General Fund -

| | |
|-----------------------------------|---------------------|
| Fund balance, previously reported | \$ 3,750,421 |
| Prior period adjustment | <u>46,226</u> |
| Fund balance, as restated | <u>\$ 3,796,647</u> |

The errors described above also affected previously reported amounts in the government-wide financial statements as shown below:

Governmental activities:

| | |
|-----------------------------------|---------------------|
| Net position, previously reported | \$ 4,919,100 |
| Prior period adjustment | <u>46,206</u> |
| Net position, as restated | <u>\$ 4,965,306</u> |

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Notes to Basic Financial Statements (Continued)

(14) New Accounting Pronouncements

During the fiscal year ended December 31, 2013, the Beauregard Parish Library adopted GASB 65, "Items Previously Reported as assets and Liabilities" which clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 67, "Financial Reporting for Pension Plans" and Statement No. 68, "Accounting and Financial Reporting for Pensions." GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 relating to financial reporting and note disclosures of pension plans. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provisions of GASB Statement No. 67 must be implemented by the applicable retirement systems for the year ending June 30, 2014 and the provisions of GASB Statement No. 68 must be implemented by the Library for the year ending December 31, 2015. The effect of the implementation of these statements on the Library's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2013

| | Budget | | Actual | Variance - Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|--------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes - ad valorem | \$1,705,679 | \$1,705,679 | \$1,731,922 | \$ 26,243 |
| Intergovernmental - | | | | |
| State revenue sharing | 55,000 | 55,000 | 57,114 | 2,114 |
| Miscellaneous - | | | | |
| Interest | 1,500 | 1,500 | 6,727 | 5,227 |
| Other sources | 12,000 | 12,000 | 41,645 | 29,645 |
| Total revenues | <u>1,774,179</u> | <u>1,774,179</u> | <u>1,837,408</u> | <u>63,229</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Culture and recreation: | | | | |
| Salaries and wages | 709,460 | 709,460 | 639,915 | 69,545 |
| Payroll taxes | 25,000 | 25,000 | 22,071 | 2,929 |
| Retirement contributions | 85,000 | 85,000 | 81,695 | 3,305 |
| Pension | 65,000 | 65,000 | 60,609 | 4,391 |
| Group insurance | 130,000 | 130,000 | 128,384 | 1,616 |
| Utilities, telephone, internet | 77,000 | 77,000 | 85,584 | (8,584) |
| Professional fees | 58,000 | 58,000 | 57,659 | 341 |
| Advertising, dues and subscriptions | 330 | 330 | 322 | 8 |
| Rentals | 5,000 | 5,000 | 3,603 | 1,397 |
| General insurance | 16,000 | 16,000 | 15,679 | 321 |
| Periodicals and subscriptions | 7,000 | 7,000 | 6,383 | 617 |
| Travel | 25,000 | 25,000 | 14,297 | 10,703 |
| Supplies | 46,141 | 46,141 | 42,590 | 3,551 |
| Repairs and maintenance | 15,000 | 15,000 | 14,719 | 281 |
| Total culture and recreation | <u>1,263,931</u> | <u>1,263,931</u> | <u>1,173,510</u> | <u>90,421</u> |
| Capital outlay - | | | | |
| Books | 266,127 | 266,127 | 133,267 | 132,860 |
| Improvements and equipment | 200,000 | 200,000 | 104,259 | 95,741 |
| Total capital outlay | <u>466,127</u> | <u>466,127</u> | <u>237,526</u> | <u>228,601</u> |
| Total expenditures | <u>1,730,058</u> | <u>1,730,058</u> | <u>1,411,036</u> | <u>319,022</u> |
| Excess of revenues over expenditures | 44,121 | 44,121 | 426,372 | 382,251 |
| Fund balance, beginning, as restated | <u>3,796,506</u> | <u>3,796,506</u> | <u>3,796,506</u> | <u>-</u> |
| Fund balance, ending | <u>\$3,840,627</u> | <u>\$3,840,627</u> | <u>\$4,222,878</u> | <u>\$ 382,251</u> |

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

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Robert S. Carter, CPA*
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| | |
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| 1234 David Dr. Ste 203 Morgan City, LA 70380 Phone (985) 384-2020 Fax (985) 384-3020 | 1013 Main Street Franklin, LA 70538 Phone (337) 828-0272 Fax (337) 828-0290 |
| 434 East Main Street Ville Platte, LA 70586 Phone (337) 363-2792 Fax (337) 363-3049 | 133 East Waddell St Marksville, LA 71351 Phone (318) 253-9252 Fax (318) 253-8681 |
| 332 West Sixth Avenue Oberlin, LA 70655 Phone (337) 639-4737 Fax (337) 639-4568 | 1428 Metro Drive Alexandria, LA 71301 Phone (318) 442-4421 Fax (318) 442-9833 |

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Control
Beauregard Parish Library
Deridder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Beauregard Parish Library (the Library), a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 2, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item #2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item #2013-002.

Beauregard Parish Library's Response to Findings

The Library's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an internal part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this community is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 2, 2014

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended December 31, 2013

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Anticipated Completion Date |
|----------------------------|---|--|-------------------------------|---|------------------------------|-----------------------------------|
| CURRENT YEAR (12/31/13) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2013-001 | Unknown | The Library does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. | | The Library has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. | Erin Chesnutt, Director | N/A |
| <u>Compliance:</u> | | | | | | |
| 2013-002 | 2013 | State law requires that audit reports be completed and submitted six months after the fiscal year end. The Library's audit report was not completed and submitted prior to June 30, 2014. | | The Library is in agreement with this finding and will ensure that all future audits are submitted timely. | Erin Chesnutt, Director | 12/31/2014 |
| PRIOR YEAR (12/31/12) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 12-1 (IC) | Unknown | Due to the small number of employees, the Library did not have adequate segregation of functions within the accounting function. | Yes | | | |

(continued)

BEAUREGARD PARISH LIBRARY
Deridder, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2013

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Anticipated Completion Date |
|--------------------------|---|--|-------------------------------|------------------------------------|------------------------------|-----------------------------------|
| PRIOR YEAR (12/31/12) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 12-2 (IC) | Unknown | The Library does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. | No | See current year finding 2013-001. | | |

Compliance:

There were no compliance findings to be reported.